

# RMB Japan Fund

## Portfolio Update: Third Quarter 2020

For the third quarter of 2020, the RMB Japan Fund (the "Fund" or "RMBPX") was up +5.93%, net of fees. During the same period, the MSCI Japan Total Return Index (dividends reinvested), which represents large capitalization companies in Japan, was up +6.94% in the U.S. Dollar. The Japanese Yen appreciated by +2.35% in the quarter.

	3 Months	YTD	1 Year	Since Inception
RMBPX	+5.93%	-1.60%	+5.54%	-0.13%
MSCI Japan Index	+6.94%	-0.68%	+6.91%	+1.21%

***Inception date: 12/27/17. Performance over one year is annualized. The performance data quoted represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate, so that those shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the data quoted. To obtain performance as of the most recent month end, please call 855-280-6423. The Fund's gross expense ratio is 1.29% and the net expense ratio is 1.31%. The net expense ratio is higher than the gross expense ratio as a result of expense reimbursements and the net expense ratio is applicable to investors.***

***RMB Capital Management, LLC (the "Adviser" or "RMB") has contractually agreed to reduce its compensation due from and/or assume expenses of the Fund to the extent necessary to ensure that the Fund's operating expenses (excluding interest, taxes, brokerage commissions and other transaction costs, expenditures that are capitalized in accordance with generally accepted accounting principles, acquired fund fees and expenses, short sale dividends, and extraordinary expenses not incurred in the ordinary course of business) do not exceed 1.55% and 1.30% of the average daily net assets of the Fund's Investor Class and Class I shares, respectively (the "Expense Cap"). The Expense Cap is in effect until April 30, 2021 and cannot be terminated prior thereto without the approval of the Fund's Board of Trustees.***

## Overview of Third Quarter

Japanese equities further extended a recovery rally in the third quarter, supported by better-than-expected corporate earnings and improving investor sentiment globally. The country's equity market began the quarter with a slow start in July, as increasing number of COVID-19 cases retriggered second wave fears especially around Tokyo. Entering into earnings season, however, the market joined the global market rally with a large number of economically sensitive businesses topping initial expectations that were set low. The stock market's risk-on sentiment was further fueled by the upbeat U.S. market, where the S&P 500 and NASDAQ hit all-time highs in their technology-driven rally. Warren Buffet's bet on Japanese trading companies also drew investors' attention to the country and its low stock market valuation. Towards the end of the quarter, Japanese stocks held relatively steady, despite Prime Minister Abe's sudden resignation and the U.S. stock market's pullback. The Suga administration promised a continuation of Abe's main policies, although some industries, mobile service providers in particular, have reacted negatively, based on expectation that government pressure to cut price would increase under the new administration.

## Contributors and Detractors

Nidec Corp. (6594 JP) and Takuma Co. Ltd. (6013 JP) were two major contributors during the quarter.

Nidec is a leading manufacturer of small precision motors for hard-disk drives (HDD), smartphones, automobiles, home appliances, and industrial equipment. The company also manufactures traction motors for electric vehicles (EV), primarily for those manufactured in China. The company reported better-than-expected earnings for the quarter, largely driven by strong HDD and 5G handset demands, offsetting revenue losses in the auto-related business. The stock's rally was further supported throughout the quarter, as investors have become more upbeat on growing demand for EV and traction motors, which also provides a hedge against EV penetration in the country with high exposure to auto supply-chain.

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Takuma constructs, operates, and maintains a range of environmental facilities, from waste incinerators to biomass power plants to water treatment plants. The company's stock jumped 10.75% in a day after reporting earnings and order bookings that far exceeded the market's expectation, confirming increasing demand for incinerators during the pandemic. The stock has continued to drift higher for the rest of the quarter, supported by raised expectations that the strong demand trend will continue and management will likely raise their guidance.

## RMB Japan Fund THIRD QUARTER 2020 CONTRIBUTION REPORT (in USD)<sup>1</sup>

Ranked by Basis Point Contribution

	Basis Point Contribution	Total Return
<b>Top Contributors</b>		
Nidec Corp.	+91	+38.98%
Takuma Co. Ltd.	+62	+22.83%
Sony Corp.	+61	+11.21%
Toei Co. Ltd.	+59	+24.15%
Stanley Electric Co. Ltd.	+59	+21.05%
<b>Bottom Detractors</b>		
Shionogi & Co. Ltd.	-79	-14.74%
COMSYS Holdings Corp.	-24	-6.23%
Japan Hotel REIT Investment Corp.	-14	-9.52%
Tokyu Corp.	-14	-18.26%
Suntory Beverage & Food Ltd.	-13	-3.34%

<sup>1</sup> All return figures above are higher than the returns in local currency due to the 2.35% appreciation of the Japanese yen during the quarter.

*The performance presented above is sourced through Factset Research Systems Inc. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Fund. Holdings listed might not have been held for the full period. To obtain a copy RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your client service team.*

providers are likely to face increased political pressure to cut price under the Suga administration, which could create a chain reaction to negatively affect the telecom engineering industry through cap-ex cuts.

Shionogi & Co. Ltd. (4507 JP) and Comsys Holdings Corp. (1721 JP) were two major detractors during the quarter.

Shionogi is a high-quality pharmaceutical company in Japan, focused on its core therapeutic areas of infectious diseases, notably anti-HIV franchise and influenza treatment, Xofluza. The company is also specialized in treatments for pain and central nerve system disorders. While the stock was ranked as one of the top performers in our portfolio in the previous quarter, largely driven by the market's raised expectation around the progress on the company's COVID-19 vaccine development, the performance soon peaked out after briefly recovering its pre-COVID-19 level, as the initial excitement on the vaccine has fizzled out. Weak earnings on the back of disrupted drug sales and increased R&D expenses further weighed on the stock's performance for the rest of the quarter, coupled with investors' fear that increasing political pressure to cut drug price could suppress earnings of the pharmaceutical industry under the Suga administration at home, as well as in the U.S., as the chance of Biden winning the election is increasing. We will continue to monitor the balance between the market development and share price, and adjust our position size if appropriate.

Comsys Holdings is a major telecommunication construction company, providing telecom infrastructure engineering service primarily to the Nippon Telegraph and Telephone (NTT) group, but also to other telecom service providers, such as NTT, Softbank, and Rakuten. The company also runs IT solutions and civil engineering businesses. The stock had performed well for the first half of the year, recovering most of its losses in March early on, but began to perform poorly after reporting weaker-than-expected earnings and some COVID-19 related disruptions in the near-term. The stock's performance further deteriorated, as it has become clear that mobile service

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## Portfolio Activity

During the quarter, we initiated a position in Ono Pharmaceutical Co. Ltd. (4528 JP), a pharmaceutical company focusing on prescription drugs for a range of diseases, including cancer, diabetes and osteoporosis; Nitto Denko Corp. (6988 JP), a manufacturer of chemical products, including industrial tapes, medical tapes, optical films, and FPCs; Fanuc Corp. (6954 JP), a global leading manufacturer of factory automation systems, equipment and industrial robots; Fast Retailing Co. Ltd. (9983 JP), a fast-fashion apparel company best known for its flagship global brand Uniqlo.

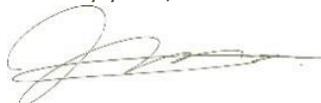
We liquidated our positions in Nishimoto Co. Ltd. (9260 JP), a wholesaler and distributor of food products; Japan Hotel REIT Investment Corp. (8985 JP), a real estate investment trust fund specializing in hotels and resorts in Japan; Tokyu Corp. (9005 JP), a provider of commuter railway services, real estate development, and hotel management; Sumitomo Bakelite Co. Ltd. (4203 JP), a manufacturer of phenolic resin and plastic products, Nippon Telegraph and Telephone Corp. (9432 JP), the largest telecommunication service provider in Japan, because our initial investment thesis appeared unlikely to pan out in the foreseeable future.

## Outlook

Despite the strong performance of Japanese equities in recent quarters within the international equity market space, the valuation gap between the country's equity market and those of its developed market peers remains wide and we continue to see many attractively valued opportunities available in the country. With the country's main political risk now behind us, as the Suga administration is committed to continuing Abe's corporate governance reform policies, we expect that Japanese corporates, with outdated ownership structure and governance system, will continue to feel pressure to improve those areas in an irreversible manner, helping the country's equity market to narrow the existing valuation gap. More shareholder-friendly governance structure could help unlock the large amount of financial resources held within Japanese corporates in the form of shareholder returns.

As always, thank you for your support and trust in the Fund. I am looking forward to updating to you in the next quarter.

Sincerely yours,



Masakazu Hosomizu, CFA  
Partner, Portfolio Manager

### TOP FIVE HOLDINGS AS OF 9/30/20

Position	% of Assets
Toyota Motor Corp.	5.24%
Sony Corp.	4.35%
ITOCHU Corp.	4.31%
Murata Manufacturing Co. Ltd.	4.24%
Shionogi & Co. Ltd.	4.24%

*Holdings are subject to change. The above is a list of all securities that composed 22.38% of holdings managed as of 9/30/2020 under the RMB Japan Fund ("Fund") of RMB Capital Management, LLC ("RMB Capital") based on the aggregate dollar value. This list is provided for informational purposes only and may or may not represent the current securities managed. It does not represent all of the securities purchased, sold, or recommended for advisory clients (under the Fund or otherwise) during the calendar quarter ending 9/30/2020. The reader should not assume that investments in the securities identified and discussed were or will be profitable. For a complete list of historical recommendation for the Fund, please contact RMB Investors Trust at 855-280-6423.*

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*The opinions and analyses expressed in this letter are based on RMB Capital Management, LLC's ("RMB Capital") research and professional experience, and are expressed as of the date of our mailing of this letter. Certain information expressed represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future performance, nor is it intended to speak to any future time periods. RMB Capital makes no warranty or representation, express or implied, nor does RMB Capital accept any liability, with respect to the information and data set forth herein, and RMB Capital specifically disclaims any duty to update any of the information and data contained in this letter. The information and data in this newsletter does not constitute legal, tax, accounting, investment or other professional advice. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. This information is confidential and may not be reproduced or redistributed to any other part without the permission of RMB Capital.*

***Investors should consider the investment objectives, risks, charges, and expenses carefully before investing. For complete information about the Fund, including a free prospectus, please contact RMB Investors Trust at 855-280-6423, or visit the website at [www.rmbfunds.com](http://www.rmbfunds.com). The prospectus contains important information about the funds, including investment objectives, risks, management fees, sales charges, and other expenses, which you should consider carefully before you invest or send money.***

*All investing involves risk including the possible loss of principal. The Fund invests in foreign securities which may be less liquid, subject to currency-rate fluctuations, be in areas with political and economic instability and be subject to less strict regulation of the securities markets.*

*An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not bear fees, taxes, or transaction costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by the Fund. The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese market. With approximately 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The S&P 500 includes 500 leading companies in leading industries of the U.S. economy.*

*Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.*

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